

# SENATE BILL 83

C8

01r0035

(PRE-FILED)

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By: **Chair, Education, Health, and Environmental Affairs Committee (By Request – Departmental – Housing and Community Development)**

Requested: October 22, 2009

Introduced and read first time: January 13, 2010

Assigned to: Education, Health, and Environmental Affairs

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## A BILL ENTITLED

1 AN ACT concerning

2 **Department of Housing and Community Development – Group Home**  
3 **Financing Program – Refinancing**

4 FOR the purpose of authorizing the Department of Housing and Community  
5 Development to refinance a certain mortgage loan on a group home, including  
6 the financing of certain closing costs; authorizing the Department to modify  
7 certain terms of certain loans at risk of being in default; and generally relating  
8 to the Group Home Financing Program within the Department of Housing and  
9 Community Development.

10 BY repealing and reenacting, with amendments,  
11 Article – Housing and Community Development  
12 Section 4–603 and 4–610  
13 Annotated Code of Maryland  
14 (2006 Volume and 2009 Supplement)

15 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
16 MARYLAND, That the Laws of Maryland read as follows:

17 **Article – Housing and Community Development**

18 4–603.

19 The purpose of the Program is to provide loans to group home sponsors to  
20 finance **OR REFINANCE** the costs of acquiring, constructing, [and] **OR** modifying  
21 buildings as group homes for persons of lower income, elderly households, individuals  
22 with disabilities, and other residents of the State with special housing needs.

23 4–610.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (a) (1) A Program loan shall be secured by a mortgage lien and may  
2 include the terms that the Department considers necessary to make the group home  
3 affordable to persons of lower income.

4 (2) In exceptional circumstances, the terms may include:

5 (i) deferred payment of principal and interest; and

6 (ii) interest rates as low as 0%.

7 (b) Each loan shall require that all unpaid principal and accrued interest,  
8 including principal or interest that was deferred, be paid at the earliest of:

9 (1) a stated date, which may be the maturity date of the Program loan;

10 (2) the date of the sale or other transfer of the group home or a  
11 controlling interest in the group home; and

12 (3) the date when the project ceases to be used as a group home.

13 (c) (1) Each Program loan shall provide for:

14 (i) a limit on the return on equity allowed to a group home  
15 sponsor;

16 (ii) equity participation between the Department and the group  
17 home sponsor; or

18 (iii) an amount of accrued and deferred interest that the  
19 Department finds can reasonably be expected to be paid from profit resulting from the  
20 sale of the group home.

21 (2) The Department may forgive any accrued and deferred interest  
22 described in paragraph (1)(iii) of this subsection that exceeds the profit from the sale of  
23 the group home.

24 (3) The Department may allow the group home sponsor to earn a  
25 reasonable return before the group home sponsor pays accrued and deferred interest.

26 (d) If a Program loan is in default **OR IS AT RISK OF BEING IN DEFAULT**,  
27 the Department may modify the interest rate, the time or amount of payment, or any  
28 other term to facilitate repayment and achieve the purposes of the Program.

29 (e) A Program loan may finance:

1           (1)    the site acquisition, construction costs, and permanent mortgage  
2 for a group home;

3           (2)    the purchase of an existing building to provide a group home;

4           (3)    a modification to a building purchased with a Program loan, if the  
5 modification improves, repairs, renovates, or rehabilitates the building to:

6                   (i)    make it suitable as a group home; or

7                   (ii)   eliminate housing, building, fire, safety, health, or other  
8 code violations;

9           **(4)    THE REFINANCING OF AN EXISTING MORTGAGE LOAN ON A**  
10 **GROUP HOME;**

11                   **[(4)] (5)**    closing costs associated with the construction **[or]**, purchase,  
12 **OR REFINANCE** of a group home;

13                   **[(5)] (6)**    engineering, legal, title, survey, or architectural fees  
14 associated with financing real property development; and

15                   **[(6)] (7)**    other development costs that the Department considers  
16 reasonable.

17           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
18 October 1, 2010.